VINERGY CAPITAL INC.

Condensed Interim Financial Statements

For the six months ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the six months ended August 31, 2023 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

VINERGY CAPITAL INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	August 31, 2023 $	February 28, 2023 $
Assets		
Current assets		
Cash and cash equivalents	1,495,319	17,874
Accrued interest receivable (Note 3)	16,133	7,911
Prepaid expenses	24,154	21,249
Due from related party (Note 7)	3,000	15,000
Total current assets	1,538,606	62,034
Non-current assets		
Convertible debenture (Note 3)	138,455	132,624
Investments (Note 4)	2,976,014	1,473,855
Total non-current assets	3,114,469	1,606,479
Total assets	4,653,075	1,668,513
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	751,333	1,122,655
Loans payable (Note 6)	235,000	235,000
Total liabilities	986,333	1,357,655
Shareholders' equity		
Share capital (Note 8)	17,160,929	6,992,528
Warrant reserve (Note 8)	865,762	865,762
Share-based payment reserve (Note 10)	1,068,798	1,068,798
Equity component of convertible debt	176,251	176,251
Deficit	(15,604,998)	(8,792,481)
Total shareholders' equity	3,666,742	310,858
Total liabilities and shareholders' equity	4,653,075	1,668,513

Nature of operations and continuance of business (Note 1)
Commitment (Note 13)
Subsequent event (Note 14)

Approved and authorized for issuance by the Board of Directors on October 27, 2023:

/s/ "Alnoor Nathoo"
Alnoor Nathoo, Director

/s/ "Ken Ralfs"
Ken Ralfs, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended August 31,		For the six months ended August 31,	
	2023 $	2022 $	2023 $	2022 $
Investment income				
Interest income	4,125	-	8,222	-
Realized gain (loss) on investments	(19,532)	-	(792,791)	-
Unrealized gain (loss) on investments	(6,156,608)	(69,780)	(5,748,220)	(155,155)
Total investment income (loss)	(6,172,015)	(69,780)	(6,532,789)	(155,155)
Operating expenses				
Consulting fees (Note 7)	127,947	74,357	204,752	152,715
General and administrative	2,594	606	5,054	2,590
Professional fees	-	2,566	3,138	6,354
Transfer agent and filing fees	12,827	6,932	20,358	9,452
Travel	-	-	1,092	-
Total operating expenses	143,368	84,461	234,394	171,111
Loss before other expenses	(6,315,383)	(154,241)	(6,767,183)	(326,266)
Other expenses				
Accretion on discount (Note 3)	2,879	-	5,831	-
Interest expense	(13,274)	(11,147)	(26,165)	(26,809)
Loss on debt settlement (Note 8)	(25,000)	-	(25,000)	-
Total other expenses	(35,395)	(11,147)	(45,334)	(26,809)
Net loss for the period	(6,350,778)	(165,388)	(6,812,517)	(353,075)
Loss per share, basic and diluted	(0.15)	(0.01)	(0.22)	(0.02)
Weighted average common shares outstanding	41,408,685	21,051,330	31,196,674	21,051,330

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share capital		Share subscriptions receivable	Warrant reserve	Share-based payment reserve	Equity component of convertible debt	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$	$
Balance, February 28, 2022	21,051,330	7,041,028	(50,000)	867,262	1,068,798	176,251	(8,362,260)	741,079
Net loss for the period	–	–	–	–	–	–	(353,075)	(353,075)
Balance, August 31, 2022	21,051,330	7,041,028	(50,000)	865,762	1,068,798	176,251	(8,715,335)	388,004
Balance, February 28, 2023	20,984,663	6,992,528	–	865,762	1,068,798	176,251	(8,792,481)	310,858
Private placement	17,000,000	515,516	–	334,484	–	–	–	850,000
Exercise of warrants	17,140,000	1,368,590	–	(340,190)	–	–	–	1,028,400
Debt settlement	2,500,000	90,973	–	59,027	–	–	–	150,000
Shares issued for acquisition of investment	37,000,005	8,140,001	–	–	–	–	–	8,140,001
Net loss for the period	–	–	–	–	–	–	(6,812,517)	(6,812,517)
Balance, August 31, 2023	94,624,668	17,107,608	–	919,083	1,068,798	176,251	(15,604,998)	3,666,742

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the six months ended August 31, 2023 $	2022 $
Operating activities:		
Net (loss) income for the period	(6,812,517)	(353,075)
Items not involving cash:		
Accretion on discount	(5,831)	–
Interest charges	26,165	27,796
Interest receivable	(8,222)	–
Loss on debt settlement	25,000	–
Unrealized loss (gain) on fair value of investments	5,748,220	155,155
Realized loss (gain) on sale of investments	792,791	-
Changes in non-cash operating working capital:		
Due from related party	12,000	
Prepaid expenses	(2,905)	10,115
Accounts payable and accrued liabilities	(272,487)	(4,012)
Net cash used in operating activities	(497,786)	(164,021)
Investing activities		
Investments	(335,136)	(859,714)
Proceeds on sale of investments	431,967	-
Net cash provided by (used in) investing activities	96,831	(859,714)
Financing activity		
Proceeds from shares issued and share subscriptions received	1,878,400	–
Net cash provided by financing activity	1,878,400	–
Change in cash and cash equivalents	1,477,445	(1,023,735)
Cash and cash equivalents, beginning of period	17,874	1,296,097
Cash and cash equivalents, end of period	1,495,319	272,362
Cash and cash equivalents consist of:		
Cash in bank	1,496,655	256,831
Cash in legal trust account	-	4,180
Cash (overdraft) in brokerage account	(1,336)	11,351
Total cash and cash equivalents	1,495,319	272,362
Cash paid for interest during the period	–	–
Cash paid for income taxes during the period	–	–
Non-cash investing and financing activities:		
Shares issued for debt	150,000	–
Fair value transferred on exercise of warrants and stock options	–	–
Fair value of warrants issued as part of a private placement	–	–
Shares issued for investment in marketable securities	8,140,001	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

Vinergy Capital Inc. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. On March 9, 2021, the Company changed its name to Vinergy Capital Inc. The Company's head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN". During the year ended February 29, 2020, the Company became an investment issuer.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the period ended August 31, 2023, the Company incurred negative cash flow from operations. As at August 31, 2023, the Company has a working capital of $552,273 and an accumulated deficit of $15,604,998 since inception and expects to incur further losses in the development of its business. The Company is also in default for certain loans payable. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The assessment of the Company's ability to continue as a going concern (note 1) requires significant judgment. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(Expressed in Canadian dollars)

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at February 28, 2023. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2023.

3. Convertible Debenture

On September 8, 2022, the Company purchased a $150,000 secured convertible debenture from LEEF Brands Inc. ("LEEF") (formerly Icanic Brands Company Inc.). The debenture will bear interest at 11% per annum with a maturity date of 2 years from the date of issuance. The principal amount is convertible, at the option of the holder, in whole or in part, at any time following the issue date but on or before maturity, into units of LEEF at $0.10 per unit. Each unit will consist of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of LEEF at a price of $0.15 per share for a period of 2 years from the date of conversion.

The fair value of the convertible debenture was determined to be $127,020 using a net present value calculation assuming a discount rate of 20% per annum. The Company will record accretion of the discount of $22,980 over the term of the debenture.

During the six months ended August 31, 2023, the Company recognized accretion of the discount of $5,831 (February 28, 2023 – $5,604), increasing the carrying value to $138,455 (February 28, 2023 – $132,624) as at August 31, 2023. As at August 31, 2023, the Company has accrued interest receivable of $16,133 (February 28, 2023 – $7,911).

4. Investments

Investments are recorded at their estimated fair value at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The fair value of share purchase warrants of public companies are valued using the Black-Scholes option pricing model.

Details of the Company's investments are as follows:

	Number of common shares held	Cost $	Fair value August 31, 2023 $
Public companies:			
Everyday People Finl Corp	100,000	30,000	32,000
Horizon Copper Corp.	100,000	75,650	72,000
Lithium One Metals Inc.	107,500	34,452	24,187
New Energy Metals Corp.	500,000	143,386	22,500
Netramark Holdings Inc. (formerly Nurosene Health Inc.	700,000	228,154	175,000
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	50,000	175,000	340,225
Healthcare Accretion Group Inc.	4,933,334	8,140,001	2,129,325
Share purchase warrants	–	–	30,777
	7,740,834	8,976,643	2,976,014

(Expressed in Canadian dollars)

4. Investments (continued)

	Number of common shares held	Cost $	Fair value February 28, 2023 $
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	70,000
Lithium One Metals Inc.	300,000	96,511	180,000
New Energy Metals Corp.	500,000	143,386	207,500
Netramark Holdings Inc. (formerly Nurosene Health Inc.	400,000	135,619	220,000
Skylight Health Group Inc.	400,000	356,780	44,000
SPOD Lithium Corp.	300,000	84,119	45,000
Ultra Lithium Inc.	500,000	49,244	45,000
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	50,000	175,000	340,225
Share purchase warrants	–	–	172,130
	5,700,000	1,690,659	1,473,855

During the six months ended August 31, 2023, the Company disposed of certain investments for total proceeds of $431,967 and realized a loss of $792,791. During the six months ended August 31, 2023, the Company had an unrealized loss on investments of $5,748,220.

During the year ended February 28, 2023, the Company disposed of certain investments for total proceeds of $799,630 and a realized gain of $99,387. During the year ended February 28, 2023, the Company had an unrealized loss on investments of $135,991.

Investment in Healthcare Accretion Group Inc.

In August 11, 2023, and as amended on August 29, 2023, the Company entered into an agreement to acquire 49.33% of the issued an outstanding shares of Healthcare Accretion Group Inc. (“HAG”). As consideration, the Company issued 37,000,005 common shares of the Company at a fair value of $8,140,001. As at August 31, 2023, the Company fair valued the investment in HAG to its recoverable amount of $2,129,325 by calculating its value in use using a five-year discounted cash flow model (“DCF”) using a strategic plan based on management’s expectations of market growth, industry reports and trends, and past performances. These projections are inherently uncertain due to the growth-oriented strategies of the company and the emerging market. The DCF model included projections surrounding revenue, cost of sales expenses, discount rate and revenue terminal growth rates. As part of the fair value assessment on August 31, 2023, HAG is expected to achieved a growth of up to $10,000,000 in revenues by 2026 and the use of an annual revenue terminal growth rate of 2%, operating expenses were projected to grow in line with revenue growth. As at August 31, 2023 the discount rate used to calculate the fair value of this investment was 30%, reflecting specific risks and market conditions. A change in revenue terminal growth rate of 1% will have an effect of approximately $132,000 higher/lower in the recoverable amount, and a change in the discount rate of 1% will have an effect of approximately $197,000 higher/lower in the recoverable amount.

(Expressed in Canadian dollars)

5. Accounts Payable and Accrued Liabilities

	August 31, 2023 $	February 28, 2023 $
Trade accounts payable	292,868	693,493
Accrued liabilities	19,151	16,013
Accrued interest payable (Note 6)	439,314	413,149
	751,333	1,122,655

6. Loans Payable

(a) On January 15, 2010, the Company issued a $215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of the Company at a conversion price of $0.05 per share at any time at the option of the holder prior to the due date. The Company's convertible debenture matured on January 16, 2015 and the Company continues to accrue interest at the rate of 10% per annum.

The fair value of the equity component was determined to be $176,251 which was recorded as equity and an equivalent discount on the convertible debenture. The accretion of the discount was recognized over the term of the debenture. As at August 31, 2023 and February 28, 2023, the carrying value of the convertible debenture is $215,000 and accounts payable and accrued liabilities includes $272,314 (February 28, 2023 – $261,476) in interest with respect to these convertible debentures.

(b) As at August 31, 2023, the Company owed $20,000 (February 28, 2023 – $20,000) to a non-related party. The amount owing is unsecured, bears interest at 20% per annum compounded monthly, and is due on demand. As at August 31, 2023, the Company has incurred interest on this loan of $141,087 (February 28, 2023 – $125,760), which is included in accounts payable and accrued liabilities.

(c) On August 12, 2020, the Company issued a promissory note agreement for proceeds of $96,000 to a non-related party. The promissory note is unsecured, bears interest at 20% per annum, and was due on December 31, 2021. On September 17, 2021, the Company repaid the loan principal balance of $96,000. As at August 31, 2023, the Company has incurred interest on this promissory note of $21,146 (February 28, 2023 – $21,146) to the non-related party which is included in accounts payable and accrued liabilities.

(d) On July 2, 2019, the Company entered into a loan agreement with ESG Global Impact Capital Inc. ("ESG") for $250,000. The loan was unsecured, bears interest at 10% per annum and due on July 31, 2020. As at December 21, 2020, the Company entered into a debt settlement agreement with ESG to settle $100,000 of the principal. The Company agreed to issue 2,000,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at $0.06 per share expiring on December 21, 2021. As at February 28, 2021, the Company had incurred interest on this promissory note of $39,206 to the non-related party which is included in accounts payable and accrued liabilities. On April 14, 2021, the Company repaid the debt of $150,000 plus interest of $36,450. As at August 31, 2023, there is a remaining interest payable of $4,767 (February 28, 2023 – $4,767).

7. Related Party Transactions

(a) During the six months ended August 31, 2023, the Company incurred $31,500 (2022 - $31,500) in consulting fees to a company controlled by the Chief Financial Officer of the Company.

(b) During the six months ended August 31, 2023, the Company incurred $66,000 (2022 - $66,000) in consulting fees to the Chief Executive Officer ("CEO") of the Company.

(c) During the six months ended August 31, 2023, the Company incurred $42,000 (2022 - $25,000) in consulting fees to a former director of the Company. As at August 31, 2023, the former director owed $3,000 (February 28, 2023 – $15,000) to the Company.

(d) During the six months ended August 31, 2023, the Company incurred $10,500 (2022 - $nil) in consulting fees to a company with a director in common.

8. Share Capital

Authorized: Unlimited number of common shares without par value

There were no shares issued during the six months ended August 31, 2023.

During the six months ended August 31, 2023, the Company issued 17,140,000 common shares pursuant to the exercise of share purchase warrants at a price of $0.06 for total proceeds of $1,028,400. The fair value of $340,190 was transferred from warrant reserve to share capital upon exercise of share purchase warrants.

On June 23, 2023, the Company issued 17,000,000 units at $0.05 per unit for gross proceeds of $850,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.06 per share expiring on June 22, 2024. The fair value of warrants issued was determined to be $334,484 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.47%, dividend yield of 0%, volatility of 183%, and expected life of one year.

On June 23, 2023, the Company issued 2,500,000 units with a fair value of $150,000 to debt settle outstanding payables of $125,000 which resulted in a loss on settlement of $25,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.06 per share expiring on June 22, 2024. The fair value of common shares issued was determined to be $150,000 based on the closing stock price on the date of issuance. The fair value of warrants issued was determined to be $59,027 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.47%, dividend yield of 0%, volatility of 183%, and expected life of one year.

On August 30, 2023, the Company issued 37,000,005 common shares with a fair value $8,140,001 pursuant to its investment in Healthcare Accretion Group Inc.

Shares transactions during the year ended February 28, 2023:

On September 21, 2022, the Company cancelled 66,667 common shares and 33,333 warrants due to the non-receipt of the $50,000 in share subscriptions receivable ($48,500 and $1,500 allocated to share capital and warrant reserve, respectively).

(Expressed in Canadian dollars)

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price $
Balance, February 28, 2022	4,843,030	0.47
Expired	(52,464)	1.25
Cancelled	(33,333)	1.25
Balance, February 28, 2023	4,757,233	0.46
Issued	28,070,000	0.15
Exercised	(17,140,000)	0.06
Expired	(4.757,233)	0.46
Balance, August 31, 2023	10,930,000	0.29

On July 20, 2023, the Company established an exercise incentive program with respects to 19,500,000 share purchase warrants that was issued at $0.06 per share. Under the incentive program, each holder of a warrant that are exercised between the date hereof to August 3, 2023, will be granted one-half common share purchase warrant will entitle the holder to acquire one common share of the Company at $0.35 per common share for a period of one year from the date of issuance. The incentive warrant will be subject to an acceleration clause, whereby if the closing price of the common share is equal to $0.50 or higher for ten consecutive trading days, over a 365-day period, the Company may accelerate the expiry of the share purchase warrants to the date that is 20 business days from the date of the issuance of an announcement of the acceleration right. As at August 31, 2023, the Company issued 8,570,000 share purchase warrants.

Additional information regarding share purchase warrants outstanding as at August 31, 2023 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of share purchase warrants	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.06	2,360,000	0.81	0.06
0.35	8,570,000	0.93	0.35
	10,930,000	0.90	0.29

(Expressed in Canadian dollars)

10. Stock Options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis. Options may be exercisable for a maximum of ten years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, February 28, 2022	1,440,000	0.69
Expired	(1,040,000)	0.84
Outstanding, February 28, 2023 and August 31, 2023	400,000	0.32

Additional information regarding stock options outstanding as at August 31, 2023 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.45	50,000	1.05	0.45
0.30	350,000	1.43	0.30
	400,000	1.38	0.32

11. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian dollars)

11. Financial Instruments and Risk Management (continued)

(a) Fair Values (continued)

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2023 and February 28, 2023 as follows:

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, August 31, 2023 $
Investments	325,688	30,776	2,619,550	2,976,014

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, February 28, 2023 $
Investments	811,500	172,130	490,225	1,473,855

The fair values of other financial instruments, which include cash and cash equivalents, accrued interest, due from related party, convertible debenture, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, accrued interest receivable, and convertible debenture receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

11. Financial Instruments and Risk Management (continued)

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to its investments in common shares that trade in public markets.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share subscriptions receivable, warrant reserve, share-based payments reserve, and equity component of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2023.

13. Commitment

On April 1, 2021, the Company entered into a consulting agreement with a director of the Company who later became the CEO, which is effective until December 31, 2024. Pursuant to the agreement, the Company agreed to pay $120,000 per annum and two types of bonuses. There is an annual bonus of up to 8% of the base salary payable quarterly based on performance reviews by the Board of Directors and another bonus based on portfolio performance which does not exceed 10%.

14. Subsequent Events

Subsequent to August 31, 2023:

On September 1, 2023, the Company granted 500,000 stock options to directors and officers of the Company. These stock options entitle the holders thereof the right to purchase one common share for each option at $0.25 per share expiring on September 1, 2023. The stock option vested on the date of grant.

On October 3, 2023, the Company issued 6,250,000 units at $0.20 per unit for gross proceeds of $1,250,000. Each unit consisted of one common share and one-half share purchase warrant with each whole share purchase warrant entitle the holder to purchase one additional common share at a price of exercisable at a price of $0.30 per share expiring on October 3, 2025. The company paid cash finder's fee of $26,400 and issued 186,000 finder's warrants exercisable into one common share at a price of $0.30 per share expiring on October 3, 2025.

14. Subsequent Events (continued)

On October 16, 2023, the Company executed a definitive agreement with Mentorhead incorporated a Delaware corporation doing business as Limmi, to acquire up to 4% of the outstanding shares of Limmi. As consideration the Company will pay cash consideration of up to US$862,500 with Limmi issuing 1% of the equity stock for cash consideration of US$200,000, the balance of the stock issuance will be based on Limmi achieving various developmental and commercial milestones. In addition, in the event that Limmi completes an equity offering with a pre-money enterprise value of at lease US$30,000,000 with in 18 months from October 16, 2023, the Company will invest in Limmi the lesser of (i) US$400,000 and (ii) 50% of the gross proceeds derived by the Company from such offering.

In addition, the parties entered into an intellectual property licence and option agreement pursuant to which Limmi granted to a wholly owned U.S. subsidiary of the Company, created for the purpose to facilitate this transaction, certain rights to the Limmi AIP in exchange for 350 common shares (each VAC share) described below. The Company has also been granted an option by Limmi to acquire the Limmi AIP for health care services exclusively at any time within the next 24 months.

A VAC share will be exchangeable into the Company's Class A shares (as defined below) on the basis of one VAC share for 100,000 of the Company's Class A shares, subject to the following conditions:

a) 100 VAC shares shall be exchangeable into Company's Class A shares upon the Company raising aggregate gross proceeds of $2,800,000 on a prorate basis;
b) 50 VAC shares shall be exchangeable into the Company's Class A shares in the event the company achieves gross profit of at least $1,250,000 in any quarter;
c) 200 VAC shares shall be exchangeable into the Company's Class A shares in the event that the Company exercises its option for exclusivity of the Limmi AIP for health care services.

In connection with the foregoing, the Company intends to create a new class of non-voting common shares of the Company. It is anticipated that the Company's Class A shares shall have the same attributes as the common shares of the Company, except that the Company's Class A shares will not be listed on the Canadian Securities Exchange, will not carry the right to vote and will be convertible into common shares of the company on a one-for-one basis, subject to certain conditions, including a prohibition on the holder of the Company's Class A shares from converting such shares into common shares if it would result in such holder holding more than 9.9 per cent of the common shares.

The Company has called an annual and special meeting of its shareholder for December 1, 2023, wherein it intends to seek approval of shareholders by way of a special resolution authorizing an amendment of the company's notice of articles under the Business Corporations Act (British Columbia) to create the Company's Class A shares.

In connection with the transactions noted above, the Company has agreed to issue an arm's-length finder one million common shares. The common shares to be issued in connection with the transactions are being issued at a deemed price of 18 cents per common share, being the discounted market price of the common shares on the date of execution of the letter of intent between the Company and Limmi.